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11  
12 UNITED STATES DISTRICT COURT  
13 NORTHERN DISTRICT OF CALIFORNIA  
14 SAN FRANCISCO DIVISION

15 UNITED STATES OF AMERICA,	) NO. CR 21-00139-RS
16 Plaintiff,	) <b>UNITED STATES' OPPOSITION TO</b>
17 v.	) <b>DEFENDANT NUBLA'S MOTION TO</b>
18 JOSEPH NUBLA and HENRY KU,	) <b>EXCLUDE EXPERT WITNESS TESTIMONY</b>
19 Defendants.	) Trial Date: March 27, 2023 (8:30 a.m.)
	) Judge: Hon. Richard Seeborg
	) Courtroom: Courtroom 3, 17th Floor

20  
21 **I. INTRODUCTION**

22 The United States intends to call Revenue Agent Ryan Weitzel to provide expert testimony at  
23 trial. *See* Exhibit A (*attached hereto*). That expert disclosure (which was not attached to Defendant  
24 Nubla's motion despite referencing the disclosure as "Exhibit A") and opinions therein must be  
25 evaluated in the context of the superseding indictment's allegations and other discovery provided.  
26 When the expert's opinions are evaluated in that framework, Defendant Nubla's motion is an  
27 ill-conceived and a transparent effort to silence this expert and prevent RA Weitzel from testifying about  
28 pertinent facts that are devastating to the defense—facts of which the defense has known for some time,

but were finally spelled out in a well-reasoned expert opinion that relies on them. Defendant Nubla does not contest RA Weitzel's methodology or expertise, but the conclusions RA Weitzel draws because those conclusions are fact-based evidence of Defendants Nubla's and Ku's guilt. That is not a basis to exclude expert testimony. Defendant Nubla's motion should be denied.

## **II. ARGUMENT**

### **A. The Defense Mischaracterizes RA Weitzel's Opinions Regarding GAAP**

The government's expert disclosure, as it pertains to GAAP and how it is used by the company controlled by Defendant Nubla, Brisbane Recycling Company, Inc. ("Brisbane"), is as follows:

Revenue Agent Weitzel will testify as to the accrual accounting and bookkeeping practices that are employed by corporations in the United States using Generally Accepted Accounting Principles (GAAP), including the 10 foundational GAAPs (regularity, consistency, sincerity, permanence of methods, non-compensation, prudence, periodicity, materiality, utmost good faith), and methods used by businesses, including small or privately-owned businesses, to achieve those GAAP. This testimony will include the reasons for GAAP, including the proper reporting of a company's financial condition to interested parties, which may include shareholders, vendors giving credit, lending financial institutions, and tax authorities including the IRS.

\* \* \*

Revenue Agent Weitzel will testify as to his review of the QuickBooks printouts of Brisbane, bank records of Brisbane, tax preparation files of Brisbane's tax preparer (Calvin Louie, CPA), Revenue Agent Weitzel's observations from his review for this case, and that what he observed reflects accrual accounting that follows GAAP, with the exception of a series of transactions connected to transfers of funds from Brisbane to Mr. Ku and Mr. Ku's entities. Revenue Agent Weitzel will testify as to examples of expenses and specific expense transactions that reflect GAAP and proper and complete recordation of journal entries.

Exh. A, at 4:6-13 & 4:27-5:5. Defendant Nubla's motion conflates the requirement that public companies must file financial statements that comply with all GAAP with the more general concept that GAAP is a set of accounting and financial reporting standards set by the Financial Accounting Standards Board (FASB) and used by entities, large and small, throughout the United States, including Brisbane. By way of comparison, the International Financial Reporting Standards (IFRS) set by the International Accounting Standards Board (IASB) are used elsewhere, like Europe. As noted above, RA Weitzel's testimony is not going to be a critique of the extent to which Brisbane employs or fails to employ GAAP. Instead, his testimony will focus on the variance in Brisbane's practices and use of GAAP when

1 it came to recording the transactions at issue versus Brisbane's legitimate business affairs. Accordingly,  
 2 RA Weitzel's testimony about the difference in how Brisbane treated these transactions, using GAAP as  
 3 the framework with which United States accounting is performed, is proper.

4 **B. Expert Testimony Concerning Henry Ku's Expense Recordation and Tax Returns**  
 5 **And Facts That Tend To Show Concealment In General Are A Core To The**  
 6 **Government's Case Per The Superseding Indictment's Allegations**

7 Defendant Nubla's motion makes what is, in essence, a relevance objection to testimony about  
 8 Defendant Ku's expense recordation and tax returns. This case has always been about a conspiracy  
 9 between at least two people—Defendants Nubla and Mr. Ku—using the business entities they control  
 10 for their personal benefit. They conspired to direct money from Defendant Nubla's company (Brisbane)  
 11 to Defendant Ku and his companies (Pegasus Aggregate and Jupiter Prime Monarch ("JPM")) to conceal  
 12 income from the IRS, creditors, and other parties. Then, at Defendant Nubla's request, Defendant Ku  
 13 returned the funds back to Defendant Nubla. Mr. Nubla's motion essentially argues that Defendant Ku's  
 14 half of this partnership in crime is irrelevant to this case against both defendants. That argument fails.

15 The superseding indictment is replete with allegations that place Defendant Ku's financials,  
 16 entities, and their respective tax returns at the core of the charged indictment. It alleges: "Between  
 17 March 3, 2009, and March 30, 2015, NUBLA directed that checks from Brisbane, totaling  
 18 approximately \$18,387,343, be paid to Pegasus and JPM. NUBLA retained control of these funds even  
 19 after the transfers into KU's bank accounts." ECF 14 at 2 ¶ 6. Defendant Ku then returned these funds  
 20 to Defendant Nubla through the alleged forms (e.g., fake loan, money transfers, and residence  
 21 purchases) from both his companies' and personal accounts. How Defendant Ku personally and through  
 22 his companies recorded these financial transactions and transferred his funds, and thereby avoided  
 23 paying taxes on them, was always a core part of this case about evading taxes. Defendant Nubla's  
 24 attempt to describe the evidence of Defendant Ku's financials and account as "other act" character  
 25 evidence under Federal Rule of Evidence 404(b) is without merit. The evidence of Defendant Ku's  
 26 financial dealings and tax reporting is "direct evidence of the ongoing conspiracy charged in the  
 27 indictment." *United States v. Loftis*, 843 F.3d 1173, 1176 (9th Cir. 2016) ("In cases where the incident  
 28 offered is part of the conspiracy alleged in the indictment, the evidence is admissible under Rule 404(b)  
 because it is not an 'other' crime.") (quotation omitted). At the very least, the evidence of Defendant

1 Ku's financials and tax returns is evidence that is "inextricably intertwined with the crime with which  
 2 the [defendants are] charged and therefore not meet the requirements of Rule 404(b)." *United States v.*  
 3 *Vizcarra-Martinez*, 66 F.3d 1006, 1012 (9th Cir. 1995).

4 Separately, Defendant Nubla's motion seeks to exclude testimony about the defendants' attempt  
 5 to conceal Brisbane's and Mr. Nubla's income from "creditors and other parties." Def. Mot. at 8:5-18  
 6 (citing the expert disclosure attached hereto as Exhibit A). First, Mr. Nubla's notice argument under  
 7 Rule 404(b) makes no sense because superseding indictment itself alleges that "NUBLA placed the  
 8 funds into KU's entities to conceal his income from the Internal Revenue Service, creditors, and other  
 9 parties." ECF 14 ¶6 (emphasis added). Mr. Nubla states that he is unaware of any evidence that he  
 10 sought to evade creditors. *See* Def. Mot. at 8:15. To the extent there is no evidence of such introduced  
 11 at trial, the expert will have no need to testify as to that method of concealment.

12 **C. Expert Testimony About The Defendants' Conduct From Which Their Intent Can**  
 13 **Be Inferred Is Appropriate.**

14 RA Weitzel's anticipated testimony sets forth the details of the defendants' scheme described  
 15 above, including the payments from Brisbane to Defendant Ku and his entities—all in ways that appear  
 16 to be tax deductible business expenses—and then how Defendant Ku and his entities give those funds  
 17 back to Defendant Nubla—as purported gifts and a \$7 million loan. *See* Ex. A, at 6:13-8:25 & Attach B.  
 18 RA Weitzel's anticipated testimony also sets forth calculations of how much federal income tax would  
 19 be owed on these transactions to the extent they are part of the scheme set forth in the superseding  
 20 indictment. *Id.* Attach B. RA Weitzel's anticipated testimony also might include how, after June 2015  
 21 (when IRS agents first visited Defendant Nubla at Brisbane), the above-noted conduct stopped and  
 22 Defendant Nubla and his family started receiving significant increases in compensation instead—  
 23 primarily in the form of fiscal year-end bonuses. The result throughout was that Brisbane continued to  
 24 make little taxable income or otherwise have losses. *Id.* at 8:26-10-9. This is wholly proper expert  
 25 testimony in a tax case. *See, e.g., United States v. Marchini*, 797 F.2d 759, 765-66 (9th Cir. 1986). In  
 26 *Marchini*, the Ninth Circuit affirmed the trial court allowing a summary expert witness to testify to his  
 27 "conclusion that Marchini had omitted wages from Forms 941 and 940 during the time periods involved  
 28 in the case." *Id.* at 765. This followed the summary expert witness "having heard the testimony of

1 previous witnesses and having reviewed the government’s exhibits” and after admitting the  
 2 government’s summary exhibit prepared by the summary expert witness and used during his testimony.  
 3 *Id.* The Ninth Circuit also noted that the summary expert witness’s “calculations were based upon the  
 4 evidence adduced at trial [and that he] was cross-examined by the defendant as to the basis of his  
 5 testimony.” *Id.* at 766. That is exactly what the government anticipates will happen here. So, the real  
 6 nub of Defendant Nubla’s motion in this regard is word choice.

7 For one, the motion calls out RA Weitzel’s opinion that Brisbane’s compensation to Defendant  
 8 Nubla and his relatives after 2015 “was nonetheless deducted to reduce Brisbane’s reported taxable  
 9 income and resulted in a continuation of little to no corporate taxes paid by Brisbane that has persisted  
 10 from tax years 2009 through 2021.” Def. Mot. at 6. But these are the simple facts. That is, Brisbane  
 11 deducted the compensation of Mr. Nubla and his relatives on Brisbane’s tax returns. By doing so, it  
 12 reduced Brisbane’s reported taxable income. That, in turn, resulted in little to no corporate taxes paid by  
 13 Brisbane that has persisted from tax years 2009 through 2021. Indeed, Defendant Nubla’s motion belies  
 14 that these facts, on their face, result in a compelling inference that the compensation and resulting  
 15 deductions were done with an intent to evade taxes—but that is for the jury to decide, and not something  
 16 RA Weitzel will explicitly opine.

17 As another example, Defendant Nubla criticizes the term “constructive dividend,” *see* Def.’s  
 18 Mot. At 7:23-8:4, seeking to parlay the Court’s Order excluding the use of the term “disguised dividend”  
 19 at trial, *see* Order on Government’s Motions in Limine [ECF 134] at 7. But the two terms are  
 20 inherently different in their potential for prejudicial impact. The term “constructive dividend” has been  
 21 defined for over 30 years as:

22 A taxable benefit derived by a shareholder from his or her corporation although such  
 23 benefit was not designated as a dividend. Examples include unreasonable compensation,  
 24 excessive rent payment, bargain purchases of corporate property. The passthrough of  
 25 undistributed taxable income (i.e., UTI) to the shareholders of a Subchapter S corporation  
 sometimes is referred to as a constructive dividend. Constructive dividends generally are  
 a problem limited to closely-held corporations.

26 If a stockholder has an unqualified right to a dividend, such a dividend is called  
 27 constructive for tax purposes though he does not actually receive it because it is subject  
 28 to his demand and the corporation has set it aside for this purpose. *Clark v. CIR.*,  
 C.A.Fed., 26 F.2d 698



# EXHIBIT A

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA,	)	NO. CR 21-00139-RS
	)	
Plaintiff,	)	<b>UNITED STATES' DISCLOSURE OF EXPERT</b>
	)	<b>WITNESS TESTIMONY AND SUMMARIES OF</b>
v.	)	<b>VOLUMINOUS EVIDENCE</b>
	)	
JOSEPH NUBLA and HENRY KU,	)	Trial Date: March 27, 2023 (8:30 a.m.)
	)	Judge: Hon. Richard Seeborg
Defendants.	)	Courtroom: Courtroom 3, 17th Floor

**I. INTRODUCTION**

The United States intends to call Revenue Agent Ryan Weitzel, during its case-in-chief, to provide expert testimony at trial. The United States also intends to introduce in evidence summaries, through Revenue Agent Weitzel during its case-in-chief, of voluminous evidence pursuant to Federal Rule of Evidence 1006. The government has charged both defendants Joseph Nubla and Henry Ku with one count of conspiracy to defraud the United States by obstructing the lawful functions of the Internal Revenue Service (IRS) in violation of 18 U.S.C. § 371, and has also charged defendant Joseph Nubla with tax evasion in violation of 26 U.S.C. § 7201. The use of expert witness testimony and summaries



of voluminous evidence as set forth below will assist the jury in understanding the evidence presented at trial.

## **II. WITNESS'S QUALIFICATIONS AND PRIOR TESTIMONY**

Revenue Agent Weitzel is trained in taxation and accounting; his education, training, experience, certifications, and prior expert testimony during the last four years is set forth in Attachment A. Revenue Agent Weitzel has not authored any publications in the previous 10 years.

## **III. EXPERT TESTIMONY**

The use of expert witness testimony is permitted if it “will assist the trier of fact to understand the evidence or to determine a fact in issue . . . .” Fed. R. Evid. 702. The use of expert witnesses in fraud prosecutions is an accepted practice. *See, e.g., United States v. Winkle*, 477 F.3d 407, 415-17 (6th Cir. 2007) (district court did not err in admitting former bank examiner’s testimony that the transactions constituted check kiting under Fed. R. Evid. 702); *United States v. Majors*, 196 F.3d 1206, 1215-16 (11th Cir. 1999) (district court’s did not err in admitting FBI financial analyst’s testimony under Fed. R. Evid. 702); *United States v. Chappell*, 6 F.3d 1095, 1100 (5th Cir. 1993) (district court did not err in admitting bank security officer’s testimony regarding detecting counterfeit checks under Fed. R. Evid. 702). Expert testimony by an IRS agent that expresses an opinion as to the proper tax consequence of a transaction is also admissible. *See United States v. Clardy*, 612 F.2d 1139, 1153 (9th Cir. 1980).

### **A. Overview of Facts That Are the Subject of Expert Testimony and Their Bases**

The United States anticipates that the evidence in this case will establish that, at all relevant times, (1) Brisbane Recycling Company, Inc. (hereinafter, “Brisbane”) was a rock crushing business, (2) Mr. Nubla was the President and ran daily operations at Brisbane, (3) Mr. Ku was corporate counsel for Brisbane, and (4) Mr. Ku owned and controlled Pegasus Aggregate, Inc. (“Pegasus”), Jupiter Prime Monarch (“JP Monarch”), and JPM Energy, Inc. (“JPM Energy”) (collectively, “Mr. Ku’s entities”). Between March 3, 2009 and March 30, 2015, Mr. Nubla directed that checks from Brisbane, totaling \$18,378,343, be paid to Mr. Ku and Mr. Ku’s entities. Mr. Nubla moved funds into Mr. Ku’s entities to conceal Brisbane’s and Mr. Nubla’s income from the IRS, creditors, and other parties.

Mr. Ku then returned \$11,871,817 of Brisbane’s funds to Mr. Nubla by way of cashier’s checks to purchase real properties for Mr. Nubla, funding a loan to Mr. Nubla that had no discernable economic

1 purpose, and funds deposited into Mr. Nubla's personal bank account. More specifically, on or about  
2 August 26, 2009, Mr. Ku used \$967,948 of the Brisbane funds to purchase 710 Tender Lane, Foster  
3 City, California, for Mr. Nubla. Then, on or about September 7, 2010, Mr. Ku used \$926,548 of the  
4 Brisbane funds to purchase 60 Loma Vista Drive, Burlingame, California, for Mr. Nubla. And then, on  
5 or about September 12, 2014, Mr. Ku used \$1,587,320 of the Brisbane funds to purchase 7211 Rosecliff  
6 Court, Pleasanton, California, for Mr. Nubla. Also, on or about June 24, 2014, Mr. Ku drafted a loan  
7 agreement to return \$7,000,000 in Brisbane funds to Mr. Nubla, and then pursuant to that loan, on or  
8 about June 24, 2014, Mr. Ku purchased a cashier's check for \$4,000,000 payable to Mr. Nubla, which  
9 Mr. Nubla deposited into his personal bank account ending x6815 at Bank of America. Pursuant to the  
10 loan, on or about January 20, 2015, Mr. Ku purchased a cashier's check for \$3,000,000 payable to Mr.  
11 Nubla, which Mr. Nubla then also deposited into his personal bank account ending x6815 at Bank of  
12 America. Finally, between August 14, 2009 and August 15, 2015, Mr. Ku transferred \$1,390,000 from  
13 his personal account at First Bank to Mr. Nubla's personal account at First Bank. At the same time, for  
14 fiscal years 2009 through 2014, Mr. Nubla provided false information to Brisbane's tax return preparer  
15 that monies paid by Brisbane to Pegasus and JPM were for business deductions to be reported on  
16 Brisbane's federal corporate income tax returns (Forms 1120) filed with the IRS for these same tax  
17 years. On or about April 15, 2015, Mr. Nubla filed a joint federal income tax return (Form 1040) for tax  
18 year 2014 that failed to report income of \$5,807,320. On or about April 15, 2016, Mr. Nubla filed a  
19 joint federal income tax return (Form 1040) for tax year 2015 that failed to report income of \$3,060,000.

20 The United States anticipates that the evidence in this case will include financial records  
21 covering several years and documenting numerous financial transactions, and the ultimate source and/or  
22 disposition of the funds involved in those transactions. Given the number of transactions at issue, and  
23 the number of records involved, it is anticipated that the evidence in this case will be voluminous.  
24 Revenue Agent Weitzel's expert testimony will assist the jury in understanding this voluminous  
25 evidence.

26 Revenue Agent Weitzel's testimony will be based on evidence admitted at trial, including IRS  
27 records, financial records, witness testimony, and summaries of voluminous evidence as defined by  
28 Federal Rule of Evidence 1006. Among other things, Revenue Agent Weitzel will summarize financial

documents, including bank records, witness testimony, and other documents, including tax returns and other documents filed with the IRS (such as Forms 1040), will provide an analysis of admitted evidence, and explain the resulting tax consequences.

**B. Testimony Regarding Accounting, Bookkeeping Practices, and Corporate and Tax Preparation Practices**

Revenue Agent Weitzel will testify as to the accrual accounting and bookkeeping practices that are employed by corporations in the United States using Generally Accepted Accounting Principles (GAAP), including the 10 foundational GAAPs (regularity, consistency, sincerity, permanence of methods, non-compensation, prudence, periodicity, materiality, utmost good faith), and methods used by businesses, including small or privately-owned businesses, to achieve those GAAP. This testimony will include the reasons for GAAP, including the proper reporting of a company's financial condition to interested parties, which may include shareholders, vendors giving credit, lending financial institutions, and tax authorities including the IRS. Revenue Agent Weitzel will testify as to the proper and complete recordation entries of revenue and expense transactions in an accrual accounting system, including for cash and credit transactions. His testimony will also comprise well-known transaction recording best practices, including journal entries with the dual entry accounting method using accounting software, such as QuickBooks. Revenue Agent Weitzel will testify as to the role of proper and complete recordation of transactions affecting revenues, expenses, assets, liabilities, and equity, to prepare and file federal tax returns that report information to the IRS, and to determine the accuracy of those filed returns by the IRS.

Revenue Agent Weitzel will testify as to federal personal income tax reporting and the types of asset acquisitions and economic transactions that are reportable events on federal personal income taxes. This includes constructively-received income that is available to the taxpayer, regardless of whether it is actually in the taxpayer's possession, such as income received and held for the taxpayer by his agent. Tres. Reg. (26 C.R.F.) § 1.451-2.

**C. Brisbane's Bookkeeping, Accounting, and Tax Reporting Practices**

Revenue Agent Weitzel will testify as to his review of the QuickBooks printouts of Brisbane, bank records of Brisbane, tax preparation files of Brisbane's tax preparer (Calvin Louie, CPA), Revenue

1 Agent Weitzel's observations from his review for this case, and that what he observed reflects accrual  
2 accounting that follows GAAP, with the exception of a series of transactions connected to transfers of  
3 funds from Brisbane to Mr. Ku and Mr. Ku's entities. Revenue Agent Weitzel will testify as to  
4 examples of expenses and specific expense transactions that reflect GAAP and proper and complete  
5 recordation of journal entries.

6  
7 **D. Testimony Regarding Fund Transfers From Brisbane to Mr. Ku's Entities and  
Brisbane's Accounting and Tax Reporting for Them**

8 Revenue Agent Weitzel will testify that, from 2009 through 2014, 30 checks totaling  
9 \$18,378,343 were signed by Mr. Nubla and were drawn on the accounts of Brisbane at Bank of  
10 America, First Bank, and Union Bank; those 30 checks were deposited into accounts of Mr. Ku,  
11 Pegasus, JP Monarch, and JPM Energy at First Bank. Revenue Agent Weitzel will testify that 19 of  
12 those checks totaling \$14,881,981 are associated with QuickBooks accounting entries for Brisbane  
13 during its fiscal years ending June 30, 2009 through June 30, 2014 that reflect the same amounts as those  
14 checks as being due to JPM, Inc. and Pegasus Aggregate. Those 19 journal entries debit expenses as  
15 "Rent," "Equipment Rental," "Repairs and Maintenance," and "Cost of Sales," all of which were Cost of  
16 Goods Sold accounts, coupled with matching credit journal entries to accounts payable. These  
17 bookkeeping expense entries were unlike other bookkeeping entries entered into QuickBooks. In  
18 addition to being of an order of magnitude more than other transactions, these expense entries as to the  
19 amount due to JPM, Inc. and Pegasus did not reference any invoice, purchase order, or other  
20 documentation of the transaction. In addition, the majority of entries were made in the last quarter of the  
21 fiscal year, at a time at which the total revenues for a year were more certain and could be offset by way  
22 of expenses to reduce what otherwise would be taxable income. The entries for the payments actually  
23 made would be made in the following fiscal year or later, making it more difficult to associate the actual  
24 cash outflow with the expense; the timing of the payments were much later than the typical aging of  
25 accounts payable to arms-length vendors, which normally would have late payment terms, by a company  
26 without liquidity constraints. Finally, the checks were dated even later, and deposited resulting in actual  
27 fund transfers later still, which is highly unusual because it is typical business practice to deposit checks  
28 regularly, soon after receipt, or immediately when a significant sum is involved, to avoid non-payment.

**E. Purchases of Construction Equipment by Mr. Ku's Entities**

Revenue Agent Weitzel will testify about equipment purchased by Mr. Ku, JP Monarch, JPM Energy, and Pegasus of equipment from vendors, specifically Mecom Equipment, Powerscreen, Volvo Construction, Cementech, and McNeilus, where the invoicing or other source documents from the vendor tends to show that the equipment was used by Brisbane. Revenue Agent Weitzel will testify about the tax consequences, if any, of these purchases that follow Brisbane's transfer of funds to Mr. Ku and Mr. Ku's entities where those funds were then used to make these purchases. Revenue Agent Weitzel will testify about whether the payments from Brisbane to Mr. Ku's entities are consistent with the typical characteristics of lease or royalty payments on equipment purchases, the treatment of those payments for tax reporting purposes by Mr. Ku's entities, and a comparison of the timing of the equipment purchases by Mr. Ku and Mr. Ku's entities with the payments from Brisbane to Mr. Ku's entities.

**F. Treatment of Brisbane's Payments to Mr. Ku's Entities in Corporate Tax Returns**

Revenue Agent Weitzel will testify about how Internal Revenue Code (26 U.S.C.) § 162(a) allows a company to deduct "ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business and regulation," and how Treasury Regulation (26 C.F.R.) § 1.162-1(a) specified further and in relevant part that (emphasis added):

Business expenses deductible from gross income include the ordinary and necessary expenditures directly connected with or pertaining to the taxpayer's trade or business, except items which are used as the basis for a deduction or a credit under provisions of law other than section 162. *The cost of goods purchased for resale, with proper adjustment for opening and closing inventories, is deducted from gross sales in computing gross income.* See paragraph (a) of § 1.161-3. Among the items included in business expenses are management expenses, commissions (but see section 263 and the regulations thereunder), labor, supplies, incidental repairs, operating expenses of automobiles used in the trade or business, traveling expenses while away from home solely in the pursuit of a trade or business (see § 1.162-2), advertising and other selling expenses, together with insurance premiums against fire, storm, theft, accident, or other similar losses in the case of a business, and rental for the use of business property. No such item shall be included in business expenses, however, to the extent that it is used by the taxpayer in computing the cost of property included in its inventory or used in determining the gain or loss basis of its plant, equipment, or other property. See section 1054 and the regulations thereunder. A deduction for an expense paid or incurred after December 30, 1969, which would otherwise be allowable under section 162 shall not be denied on the grounds that allowance of such deduction would frustrate a sharply defined public policy. See section 162(c), (f), and (g) and the regulations thereunder. The full amount of the allowable deduction for ordinary and necessary expenses in carrying on a business is deductible, even though such expenses exceed the gross income derived during the taxable year from such business. In the case of any sports program to which

section 114 (relating to sports programs conducted for the American National Red Cross) applies, expenses described in section 114(a)(2) shall be allowable as deductions under section 162(a) only to the extent that such expenses exceed the amount excluded from gross income under section 114(a).

In relevant part, Treasury Regulation (26 C.F.R.) § 1.163-1 further specifies that:

The cost of goods sold should be determined in accordance with the method of accounting consistently used by the taxpayer. Thus, for example, an amount cannot be taken into account in the computation of cost of goods sold any earlier than the taxable year in which economic performance occurs with respect to the amount (see § 1.446-1(c)(1)(ii)).

Revenue Agent Weitzel will testify about Brisbane's federal income tax filings (Form 1120) that incorporated the journal entries for amounts due to Mr. Ku's entities as expenses, and will further testify about the government's tax adjustment calculation should those be disallowed, and the additional (difference in) federal tax due for Tax Years 2009 through 2014 of \$5,014,990 that would result from those disallowances based on applicable federal corporate tax rates.

Revenue Agent Weitzel will testify about JP Monarch's, JPM Energy's, and Pegasus's federal income tax filings (Form 1120) and the extent to which they included funds received from Brisbane as taxable revenue, and then offset any such reported revenue with undocumented expenses for which there was no readily identifiable corresponding payments from the First Bank accounts of JP Monarch, JPM Energy, and Pegasus.

**G. The Tax Treatment of Transfers of Wealth to Mr. Nubla From Brisbane By Mr. Ku and Mr. Ku's Entities as Mr. Nubla's Agents**

Revenue Agent Weitzel will testify about Mr. Nubla's personal tax filings (Form 1040) for tax years 2009 through 2015 and how they did not reflect sources of income in the form of funds and asset transfers from Mr. Ku and Mr. Ku's entities, which may be considered his agents for income recognition purposes. Specifically, the funds Brisbane paid Mr. Ku and his entities to their accounts at First Bank as described above, were then transferred to Mr. Nubla's personal bank account at First Bank in the amount of \$1,390,000 over those tax years. These transfers were constructive dividends from Brisbane to Mr. Nubla. *See Estate of Sell*, T.C. Memo. 1992-430 (payment by a corporation of expenses of or benefits to a shareholder without expectation of repayment can result in constructive dividends); *see also 58th Street Plaza Theatre*, 16 T.C. 469 (1951) (amounts paid to a family member that were in excess of



1 the value of services the family member provided constituted a constructive dividend). Revenue Agent  
2 Weitzel will also testify about how Mr. Nubla's personal tax filings (Form 1040) for tax years 2014 and  
3 2015, respectively, did not reflect another \$4,000,000 payment remitted from the First Bank account of  
4 x5037 by a cashier's check on June 24, 2014 and deposited to Mr. Nubla's personal Bank of America  
5 account, and another \$3,000,000 payment by a cashier's check remitted from the First Bank account of  
6 x5037 on January 20, 2015 and also deposited to Mr. Nubla's personal Bank of America account.  
7 Revenue Agent Weitzel will testify about how those payments constitute dividend income under the  
8 Internal Revenue Code because of the funds' original source. This is further shown by the irregularities  
9 and inconsistencies in transactions thereafter ostensibly pursuant to the loan agreement. Revenue Agent  
10 Weitzel will testify how Mr. Nubla's personal tax filings (Form 1040) for tax years 2009, 2010, and  
11 2014, respectively, did not report personal income resulting from Brisbane's funds paid to Mr. Ku and  
12 his entities that were then used by Mr. Ku to purchase real properties in 2009, 2010, and 2014 that were  
13 deeded to Mr. Nubla in those years. In conclusion, Revenue Agent Weitzel will testify about the total  
14 tax paid by Mr. Nubla during tax years 2009 through 2015, the total tax due those years per the  
15 government's calculations that include reporting the above-discussed income sources, and the additional  
16 (difference in) federal tax due for tax years 2009 through 2015 of \$4,546,978 that would result from  
17 those disallowances based on applicable federal personal tax rates.

18 Revenue Agent Weitzel will testify about how, as described in Section III.F and this section, the  
19 treatment of revenue by Brisbane that was offset as expenses, and the payments to Mr. Ku's entities that  
20 were then effectively returned to Mr. Nubla, who is the shareholder and controlling party of Brisbane,  
21 resulted in an avoidance of two layers of taxation—i.e., both corporate and personal income tax.

22 Revenue Agent Weitzel will testify that the personal income tax return statutory due date for tax  
23 years 2014 and 2015 were on April 15, 2015 and April 15, 2016, respectively. Further, the IRS  
24 considered Mr. Nubla's income tax returns as received on those dates. (This testimony may also be  
25 offered by other non-expert witnesses, but is included here out of an abundance of caution.)

#### 26 **H. Brisbane's Reporting of Tax Deductible Expenses in Tax Years 2015 Forward**

27 Revenue Agent Weitzel will also testify about a comparison of Brisbane's expense transactions  
28 and federal income tax filings after Mr. Nubla was apprised of the IRS inquiring about Brisbane's

operations and transactions with Mr. Ku in June 2015. Specifically, the expenses associated with Mr. Ku's entities were discontinued thereafter, and Brisbane's reported cost of goods sold decreased significantly. However, there was a corresponding increase in the wages of Mr. Nubla and his relatives that worked for Brisbane, such that Brisbane had no taxable income, or it was a small fraction of Brisbane's revenues. Revenue Agent Weitzel will testify that the information provided to Brisbane's tax preparer further demonstrates that, in the three years immediately following the IRS's inquiry, the additional compensation was in the form of bonuses paid during Brisbane's last fiscal quarter, including to certain relatives of Mr. Nubla that had not received any other employment income that same fiscal year. Also, during the relevant tax years of 2009 through 2018, Brisbane did not pay a corporate dividend to any of its shareholders. Furthermore, the bonuses paid to persons who were not related to Mr. Nubla were in the range of \$5,000-\$15,000 (for the few who were paid bonuses), whereas the bonuses paid to Mr. Nubla's family members were in the range of \$175,000-\$1,600,000. Revenue Agent Weitzel will testify that the above facts tend to show that, much like the payments to Mr. Ku and his entities, the amount of employee compensation paid to Mr. Nubla and his relatives were non-deductible expenses for corporate income tax purposes. Internal Revenue Code (26 U.S.C.) § 162(a)(1) permits a corporation to deduct "a reasonable allowance for salaries or other compensation for services personally rendered." A dividend to shareholders, however, is not deductible by the corporation—it is simply the payment to the shareholder of the remainder of income after taxes. "Thus, it will normally be in a corporation's interest to characterize such payments as compensation rather than dividends." *Elliotts, Inc. v. Comm'r*, 716 F.2d 1241, 1243 (9th Cir. 1983). There is a two-prong test for deductibility under Internal Revenue Code § 162(a)(1): (1) the amount of the compensation must be reasonable and (2) the payments must in fact be purely for services. *See* Treas. Reg. (26 C.F.R.) § 1.162-7(a) (1960). "A relevant inquiry is whether an inactive, independent investor would be willing to compensate the employee as he was compensated." *Elliotts*, 716 F.2d at 1245; *see also* *LabelGraphics, Inc. v. Comm'r*, 221 F.3d 1091, 1095 (9th Cir. 2000). Factors to be considered on whether the compensation is deductible are:

1. The bonuses were in exact proportion to the officers' stockholdings.
2. Payments were in lump sums rather than as the services were rendered.
3. There was a complete absence of formal dividend distributions by an expanding corporation.



4. The system of bonuses was completely unstructured having no relation to services performed.
5. The company's consistently negligible taxable income was an indication that the bonus system was based on funds available rather than on services rendered.
6. Bonus payments were made only to the four officer-stockholders, no other employees.

*O.S.C. & Assocs., Inc. v. Comm'r*, 187 F.3d 1116, 1120 (9th Cir. 1999). Revenue Agent Weitzel will testify about how the application of the above-discussed factors tend to show that Brisbane's expenses were overstated, and in particular the compensation paid to Mr. Nubla and his relatives, tends to show that at least part of that compensation is not deductible for tax purposes, but was nonetheless deducted to reduce Brisbane's reported taxable income and resulted in a continuation of little to no corporate taxes paid by Brisbane that has persisted from tax years 2009 through 2021.

#### IV. SUMMARY TESTIMONY AND RULE 1006 EVIDENCE

The United States intends to introduce summaries of voluminous evidence at trial under Federal Rules of Evidence 611 and 1006 through Revenue Agent Weitzel, including summaries of voluminous (1) QuickBooks entries of Brisbane, (2) financial records of the defendants, Brisbane, Pegasus, and JPM, and (3) IRS records. Summary testimony is admissible if it will "make the interrogation and presentation effective for the ascertainment of the truth . . . ." Fed. R. Evid. 611(a); *see also United States v. Olano*, 62 F.3d 1180, 1203-04 (9th Cir. 1995) (permitting the testimony of a summary witness who used "a number of charts . . . [to summarize] the evidence presented by the government's preceding witnesses" in a fraud case). In addition, evidence may consist of a "a summary, chart, or calculation to prove the content of voluminous writings, recordings, or photographs that cannot be conveniently examined in court." Fed. R. Evid. 1006. Rule 1006 summaries must summarize information which is voluminous, available for inspection, and admissible (although not necessarily admitted), and are admissible themselves. *United States v. Wood*, 943 F.2d 1048, 1053 (9th Cir. 1991); *United States v. Meyers*, 847 F.2d 1408, 1412 (9th Cir. 1988); *City of Phoenix v. Com/Systems, Inc.*, 706 F.2d 1033, 1038 (9th Cir. 1983); *United States v. Johnson*, 594 F.2d 1253, 1255 (9th Cir. 1979). The proponent of a summary under Rule 1006 must establish the admissibility of the underlying documents as a condition precedent to introduction of the summary. *Johnson*, 594 F.2d at 1257. The proponent must also establish that the underlying documents were made available to the opposing party for inspection. *Paddack v. Dave Christensen, Inc.*, 745 F.2d 1254, 1259 (9th Cir. 1984). The underlying materials need

1 not be admitted in evidence, but in this case the government expects to offer the underlying documents  
2 in evidence because they have independent probative value. The Ninth Circuit has recognized that the  
3 district court has discretion to admit both a Rule 1006 summary and the underlying records themselves.  
4 *United States v. Anekwu*, 695 F.3d 967, 981-82 (9th Cir. 2012). Rule 1006 summaries must fairly  
5 represent the underlying documents, and their admission into evidence is left to the trial court's  
6 discretion. The Ninth Circuit has repeatedly approved the use of Rule 1006 summaries, particularly  
7 where, as here, the summaries will aid the jury in organizing information contained in a large number of  
8 documents into understandable form. *See, e.g., Goldberg v. United States*, 789 F.2d 1341, 1343 (9th  
9 Cir. 1986) (permitting testimony concerning summaries of voluminous tax records); *United States v.*  
10 *Shirley*, 884 F.2d 1130, 1133-34 (9th Cir. 1989) (permitting summary chart of telephone calls to help  
11 jury organize and evaluate evidence).

12 Here, the government intends to offer into evidence summaries of financial records from  
13 numerous bank accounts, real estate and other financial transactions. The government intends to offer  
14 these summaries into evidence to illuminate numerous financial transactions, and the ultimate source  
15 and/or disposition of the funds involved in those transactions. The government also intends to offer into  
16 evidence summaries of tax records, including tax returns that defendants filed or caused to be filed, and  
17 other related IRS records. All of the records upon which the summaries will be based, including the  
18 financial records, have already been provided to the defendants. The Rule 1006 summaries and  
19 summary charts are attached hereto as Attachment B.

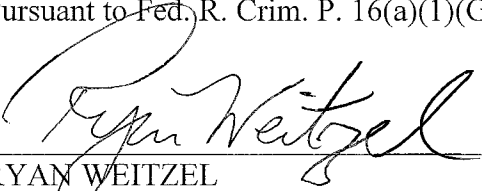
## 20 **V. EXPERT DEMONSTRATIVES**

21 In contrast to Rule 1006 summaries, demonstratives “analyzing testimony or documents already  
22 admitted into evidence are merely pedagogical devices, and are not evidence themselves.” *Wood*, 943  
23 F.2d at 1053; *see also United States v. Soulard*, 730 F.2d 1292, 1300 (9th Cir. 1984) (approving the use  
24 of summary charts as testimonial aids for government); *United States v. Gardner*, 611 F.2d 770, 776  
25 (9th Cir. 1980) (government witness’ use of chart summarizing facts and calculations in evidence as a  
26 testimonial aid “contributed to the clarity of the presentation to the jury, avoided needless consumption  
27 of time and was a reasonable method of presenting the evidence,” and admitting the charts into evidence  
28 was not reversible error).

1 The demonstratives that the government and Revenue Agent Weitzel might utilize during his  
2 expert testimony are attached hereto as Attachment C.

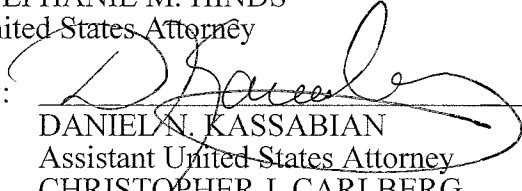
3 \* \* \*

4 Pursuant to Fed. R. Crim. P. 16(a)(1)(G)(v), I approve this disclosure of my expected testimony.

5   
6 RYAN WEITZEL  
7 Revenue Agent, Internal Revenue Service

8  
9 Dated: March 10, 2023

STEPHANIE M. HINDS  
United States Attorney

10 By:   
11 DANIEL N. KASSABIAN  
12 Assistant United States Attorney  
13 CHRISTOPHER J. CARLBERG  
14 Special Assistant United States Attorney  
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# ATTACHMENT A

**Ryan Weitzel, CPA, MPAcc**

450 Golden Gate Ave  
MS-6107, EG 1261  
San Francisco, CA 94102

*Revenue Agent*

**EDUCATION**

- 2012 Training - Summary / Expert Witness
- 2010 - 2012 Revenue Agent Income Tax Law Training (Basic – Advanced)
- 2010 Certified Public Accountant – State of California
- 2007 - 2008 Tax Return Preparer Training (Tax Law for Individuals and Businesses)
- 2007 Masters Degree - Professional Accounting (MPAcc) in Taxation  
University of Washington, Seattle, Washington
- 2005 Concentration in Accounting – University of Washington, Seattle, Washington
- 1995 Bachelor of Arts Degree – University of Oregon, Eugene, Oregon

**EXPERIENCE**

- 2021 - Present **Revenue Agent, Special Enforcement Program, San Francisco, California –**  
Conduct grand jury investigations, complex fraud audits, and complex international audits. Assist the department of Justice attorneys and IRS attorneys with complex tax calculations and serve as tax expert on various criminal tax case projects. Continue to conduct civil tax investigations to determine the correct tax liability of individuals and business organizations
- 2019 – 2021 **Revenue Agent, International Individual Compliance, San Francisco, California –** Conducted complex international fraud audits that consisted of complex civil tax investigations conducted to determine the correct tax liability of individuals and business organizations with offshore assets, entities, and financial accounts.
- 2012 - 2021 **Revenue Agent, Special Enforcement Program, San Francisco, California –**  
Conducted grand jury investigations, complex fraud audits, and complex international audits. Assisted the department of Justice attorneys and IRS attorneys with complex tax calculations and served as tax expert on various criminal tax case projects. Conducted civil tax investigations to determine the correct tax liability of individuals and business organizations.
- 2012 – 2012 **Revenue Agent, San Francisco, CA –** Conducted detailed examinations of individuals, corporations, s-corporations, and partnerships in order to determine their correct tax liability.
- 2007 – 2009 **Employed in the Public Accounting and Tax Preparation Field at various firms –** Prepared tax returns for individuals, their business entities (corporations / partnerships), and their trusts and estates. Was promoted to prepare multi-level partnership tax returns with international operations and learned to prepare the accompanying international tax schedules.

**SUMMARY, EXPERT WITNESS EXPERIENCE**

2013 - 2018      **Summary, Expert Witness** – Acted as a summary, expert witness on behalf of the Government in three criminal tax trials and two civil U.S. Tax Court cases as follows:

U.S. v. Boitano, CR 11-00585-EJD (N.D. Calif.)

U.S. v. Soderling, CR 11-0530-CRB (N.D. Calif.)

U.S. v. Chang et al., CR 15-00067-WHO (N.D. Calif.)

Mark G. Strom v. Commissioner, U.S. Tax Court, Docket No. 16258-08

Raymond Chico & Ruby Chico v. Commissioner, U.S. Tax Court, Docket No. 22264-16

**LICENSE**

2010 - Present   Certified Public Accountant – State of California

# ATTACHMENT B

BRISBANE'S REPORTED INCOME TAX							
Period Ending	Jun 30, 2009 FORM 1120	Jun 30, 2010 FORM 1120	Jun 30, 2011 FORM 1120	Jun 30, 2012 FORM 1120	Jun 30, 2013 FORM 1120	Jun 30, 2014 FORM 1120	Combined
Sales Revenue	\$ 4,849,321	\$ 4,105,326	\$ 4,689,712	\$ 5,447,449	\$ 7,820,519	\$ 8,739,987	\$ 35,652,314
[Less] Expenses	\$ (4,978,812)	\$ (4,124,106)	\$ (4,689,712)	\$ (5,512,184)	\$ (7,820,519)	\$ (8,739,987)	\$ (35,865,320)
TAXABLE INCOME / (LOSS)	\$ (129,491)	\$ (18,780)	\$ -	\$ (64,735)	\$ -	\$ -	\$ (213,006)
TOTAL TAX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GOVERNMENT'S INCOME TAX ADJUSTMENT CALCULATION							
Period Ending	Jun 30, 2009 FORM 1120	Jun 30, 2010 FORM 1120	Jun 30, 2011 FORM 1120	Jun 30, 2012 FORM 1120	Jun 30, 2013 FORM 1120	Jun 30, 2014 FORM 1120	Combined
Sales Revenue	\$ 4,849,321	\$ 4,105,326	\$ 4,689,712	\$ 5,447,449	\$ 7,820,519	\$ 8,739,987	\$ 35,652,314
[Less] Expenses	\$ (2,770,196)	\$ (2,690,106)	\$ (3,679,116)	\$ (3,492,184)	\$ (4,085,193)	\$ (4,185,549)	\$ (20,902,344)
TAXABLE INCOME / (LOSS)	\$ 2,079,125	\$ 1,415,220	\$ 1,010,596	\$ 1,955,265	\$ 3,735,326	\$ 4,554,438	\$ 14,749,970
TOTAL TAX	\$ 706,902	\$ 481,175	\$ 343,603	\$ 664,790	\$ 1,270,011	\$ 1,548,509	\$ 5,014,990
TAX DIFFERENCE	\$ 706,902	\$ 481,175	\$ 343,603	\$ 664,790	\$ 1,270,011	\$ 1,548,509	\$ 5,014,990



**BRISBANE RECYCLING COMPANY, INC.**  
**June 30, 2009 - 2014 Corporate Income Tax Calculation - Details**

Agent: R Weitzel  
Date: 3/10/2023

BRISBANE'S REPORTED INCOME TAX								
Line	Period Ending	Jun 30, 2009 FORM 1120	Jun 30, 2010 FORM 1120	Jun 30, 2011 FORM 1120	Jun 30, 2012 FORM 1120	Jun 30, 2013 FORM 1120	Jun 30, 2014 FORM 1120	Combined
1c	Gross receipts or sales	4,837,311	4,100,145	4,653,172	5,470,401	7,814,944	8,734,512	35,610,485
2	[Less] Cost of goods sold	(3,505,825)	(2,662,685)	(2,426,571)	(3,256,461)	(5,081,298)	(6,519,312)	(23,452,152)
3	Gross profit	1,331,486	1,437,460	2,226,601	2,213,940	2,733,646	2,215,200	12,158,333
4~10	[Add] Other income	12,010	5,181	36,540	(22,952)	5,575	5,475	41,829
11	Total income	1,343,496	1,442,641	2,263,141	2,190,988	2,739,221	2,220,675	12,200,162
27	[Less] Other deductions	(1,472,987)	(1,461,421)	(2,252,545)	(2,255,723)	(2,663,895)	(2,217,218)	(12,323,789)
29	[Less] Net operating loss deduction	-	-	(10,596)	-	(75,326)	(3,457)	(89,379)
30	Taxable income / [ loss ]	(129,491)	(18,780)	-	(64,735)	-	-	(213,006)
31	Total tax	-	-	-	-	-	-	-
GOVERNMENT'S INCOME TAX ADJUSTMENT CALCULATION								
Line	Period Ending	Jun 30, 2009 FORM 1120	Jun 30, 2010 FORM 1120	Jun 30, 2011 FORM 1120	Jun 30, 2012 FORM 1120	Jun 30, 2013 FORM 1120	Jun 30, 2014 FORM 1120	Combined
1c	Gross receipts or sales	4,837,311	4,100,145	4,653,172	5,470,401	7,814,944	8,734,512	35,610,485
2	[Less] Cost of goods sold	(1,288,825)	(1,228,685)	(1,426,571)	(1,236,461)	(1,421,298)	(1,968,331)	(8,570,171)
3	Gross profit	3,548,486	2,871,460	3,226,601	4,233,940	6,393,646	6,766,181	27,040,314
4~10	[Add] Other income	12,010	5,181	36,540	(22,952)	5,575	5,475	41,829
11	Total income	3,560,496	2,876,641	3,263,141	4,210,988	6,399,221	6,771,656	27,082,143
27	[Less] Other deductions	(1,472,987)	(1,461,421)	(2,252,545)	(2,255,723)	(2,663,895)	(2,217,218)	(12,323,789)
29	[Less] Net operating loss deduction	(8,384)	-	-	-	-	-	(8,384)
30	Taxable income / [ loss ]	2,079,125	1,415,220	1,010,596	1,955,265	3,735,326	4,554,438	14,749,970
31	Total tax	706,902	481,175	343,603	664,790	1,270,011	1,548,509	5,014,990
	<b>TAX DIFFERENCE</b>	<b>706,902</b>	<b>481,175</b>	<b>343,603</b>	<b>664,790</b>	<b>1,270,011</b>	<b>1,548,509</b>	<b>5,014,990</b>

F1120 June 30, 2009 - US-0072052-65  
F1120 June 30, 2010 - US-0072067-81  
F1120 June 30, 2011 - US-0072083-100  
F1120 June 30, 2012 - US-0072102-120  
F1120 June 30, 2013 - US-0072122-139  
F1120 June 30, 2014 - US-0072140-157

F1120 June 30, 2009 - US-0072052-65  
US-0077282-86  
F1120 June 30, 2010 - US-0072067-81  
US-0077288-95  
F1120 June 30, 2011 - US-0072083-100,  
298, 302  
F1120 June 30, 2012 - US-0072102-120  
US-0077304, 308, 311  
F1120 June 30, 2013 - US-0072122-139;  
US-0077312, 313, 315, 321, 326  
F1120 June 30, 2014 - US-0072140-157;  
US-0065359-64

BRISBANE RECYCLING COMPANY, INC.  
Summary Of Corporate Deduction Changes

RA: R Weitzel  
Date: 03/10/2023

BRISBANE RECYCLING CORPORATION INC. (Income and Deductions June 30, 2009 - June 30, 2021)

Line	Description	Jun 30, 2009 FORM 1120	Jun 30, 2010 FORM 1120	Jun 30, 2011 FORM 1120	Jun 30, 2012 FORM 1120	Jun 30, 2013 FORM 1120	Jun 30, 2014 FORM 1120	Jun 30, 2015 FORM 1120	Jun 30, 2016 FORM 1120	Jun 30, 2017 FORM 1120	Jun 30, 2018 FORM 1120	Jun 30, 2019 FORM 1120	Jun 30, 2020 FORM 1120	Jun 30, 2021 FORM 1120	REFERENCE
1c	GROSS RECEIPTS OR SALES	\$ 4,837,311	\$ 4,100,145	\$ 4,653,172	\$ 5,470,401	\$ 7,814,944	\$ 8,734,512	\$ 8,522,605	\$ 7,520,518	\$ 9,697,085	\$ 12,465,264	\$ 11,751,613	\$ 13,931,900	\$ 11,396,515	F1120 June 30, 2009 US-0072052-65; US-0065689-795
2	[Less] COST OF SALES	\$ 3,505,825	\$ 2,662,685	\$ 2,426,571	\$ 3,256,461	\$ 5,081,298	\$ 6,519,312	\$ 1,384,433	\$ 1,247,409	\$ 1,379,547	\$ 1,986,471	\$ 1,736,361	\$ 2,418,830	\$ 2,791,801	F1120 June 30, 2010 US-0072067-81
3	GROSS PROFIT	\$ 1,331,486	\$ 1,437,460	\$ 2,226,601	\$ 2,213,940	\$ 2,733,646	\$ 2,215,200	\$ 7,138,172	\$ 6,273,109	\$ 8,317,538	\$ 10,478,793	\$ 10,015,252	\$ 11,513,070	\$ 8,604,714	F1120 June 30, 2011 US-0072083-100 F1120 June 30, 2012 US-0072102-120
4~10	Other Income (Loss)	\$ 12,010	\$ 5,181	\$ 36,540	\$ (22,952)	\$ 5,575	\$ 5,475	\$ 30,106	\$ 6,095,023	\$ 670,364	\$ 48,110	\$ 54,880	\$ 38,960	\$ 85,483	F1120 June 30, 2013 US-0072122-139 F1120 June 30, 2014 US-0072140-157
11	TOTAL INCOME	\$ 1,343,496	\$ 1,442,641	\$ 2,263,141	\$ 2,190,988	\$ 2,739,221	\$ 2,220,675	\$ 7,168,278	\$ 12,368,132	\$ 8,987,902	\$ 10,526,903	\$ 10,070,132	\$ 11,552,030	\$ 8,690,197	F1120 June 30, 2015 US-0072158-191
12a	[Less] Officer Wages	\$ 132,000	\$ 132,000	\$ 158,000	\$ 126,000	\$ 135,200	\$ 182,000	\$ 62,000	\$ 247,000	\$ 137,000	\$ 4,423,725	\$ 1,436,000	\$ 1,666,000	\$ 1,736,000	F1120 June 30, 2016 US-0072192-226
12b	[Less] Officer Bonus (Joseph Nubla)	\$ -	\$ -	\$ 300,000	\$ 100,000	\$ 440,000	\$ -	\$ 700,000	\$ 2,775,000	\$ 5,000,000					F1120 June 30, 2017 US-0077372-393
13a	[Less] Related Party (Family) Wages	\$ 60,000	\$ 62,000	\$ 155,000	\$ 97,500	\$ 325,000	\$ 221,250	\$ 122,500	\$ 224,250	\$ 200,000	\$ 3,613,579	\$ 5,901,795	\$ 7,170,977	\$ 4,990,600	F1120 June 30, 2018 US-0077394-428
13b	[Less] Related Party (Family) Bonus	\$ -	\$ -	\$ 350,000	\$ 400,000	\$ 270,000	\$ -	\$ 875,000	\$ 5,200,000	\$ 1,400,000					F1120 June 30, 2019 US-0077429-463
13c	[Less] Non-Related Employees Wages	\$ 407,124	\$ 397,081	\$ 457,440	\$ 506,368	\$ 592,972	\$ 714,224	\$ 704,114	\$ 671,319	\$ 760,312					F1120 June 30, 2020 US-0077464-493 F1120 June 30, 2021 US-0077494-530
27	[Less] OTHER DEDUCTIONS	\$ 873,863	\$ 870,340	\$ 832,105	\$ 1,025,855	\$ 900,723	\$ 1,099,744	\$ 1,851,552	\$ 2,176,789	\$ 1,651,929	\$ 2,353,706	\$ 2,628,150	\$ 2,696,000	\$ 2,100,920	
29	[Less] Net Operating Loss Deduction	\$ -	\$ -	\$ 10,596		\$ 75,326	\$ 3,457	\$ 140,667	\$ 543		\$ 135,893	\$ 36,808	\$ 607	\$ 651	
30	TAXABLE INCOME / (LOSS)	\$ (129,491)	\$ (18,780)	\$ -	\$ (64,735)	\$ -	\$ -	\$ 2,712,445	\$ 1,073,231	\$ (161,339)	\$ -	\$ 67,379	\$ 18,446	\$ (137,974)	
31	TOTAL TAX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 922,231	\$ 364,899		\$ -	\$ -	\$ -	\$ -	
F1040	JOSEPH NUBLA'S COMPENSATION	\$ 120,000	\$ 120,000	\$ 380,000	\$ 220,000	\$ 570,000	\$ 150,000	\$ 835,000	\$ 2,911,750	\$ 5,125,000	\$ 4,145,225	\$ 1,691,000	\$ 1,900,500	\$ 1,680,500	US-0067911; US-0068021, 122, 187, 253; US-0084826; US-0072437; US-0063836; US0077843; US0077871

## BRISBANE RECYCLING COMPANY, INC.

RA: R Weitzel

## Bookkeeping of Expenses Listing Mr. Ku's Entities (2009-2014)

Date: 03/10/2023

Debit	Cost of Sales Expense Accrued	\$14,881,981
Credit	Accounts Payable (pay later, temporary liability)	\$14,881,981

Item	Entry Date	Cost of Sales Category	Vendor	Fiscal Year	Amount	Reference
3a	10-Apr-09	802 - Rent	JPM, Inc.	2009	\$ 165,000	US-0077282-83, 328-331
3b	15-May-09	802 - Rent	JPM, Inc.	2009	\$ 540,000	US-0077282-83, 328-331
8	6-May-10	802 - Rent	JPM, Inc.	2010	\$ 620,000	US-0077288-89, 328-331
10	3-Jun-11	802 - Rent	JPM, Inc.	2011	\$ 550,000	US-0077296-98, 328-331
11	14-Mar-12	802 - Rent	JPM, Inc.	2012	\$ 625,000	US-0077303-05, 328-331
12	27-Jun-13	802 - Rent	JPM, Inc.	2013	\$ 640,000	US-0077313, 315-316, 328-331
Total for JPM, Inc.					\$ 3,140,000	
14	1-Dec-08	815 - Equipment Rental	Pegasus Aggregate, Inc.	2009	\$ 500,000	US-0077284-86, 329-331
15	1-May-09	812 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2009	\$ 184,000	US-0077284-86, 329-331
16	2-Apr-09	815 - Equipment Rental	Pegasus Aggregate, Inc.	2009	\$ 368,000	US-0077284-86, 329-331
17	8-May-09	812 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2009	\$ 460,000	US-0077284-86, 329-331
18a	16-Jun-10	806 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2010	\$ 636,655	US-0077290-93, 329-331
18b	3-May-10	812 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2010	\$ 177,345	US-0077294-95, 329-331
20	30-Jun-11	806 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2011	\$ 450,000	US-0077296, 299-302, 329-331
21	12-Apr-12	806 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2012	\$ 630,000	US-0077303, 306-309, 329-331
22	27-Jun-12	812 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2012	\$ 765,000	US-0077303, 310-311, 329-331
23	12-Jun-13	974 - Cost of Sales	Pegasus Aggregate, Inc.	2013	\$ 2,100,000	US-0077312, 313, 329-331
25	2-May-13	806 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2013	\$ 420,000	US-0077313, 318-322, 329-331
26	28-Jun-13	812 - Repairs & Maintenance	Pegasus Aggregate, Inc.	2013	\$ 500,000	US-0077313, 324-326, 329-331
27	23-Jun-14	974 - Cost of Sales	Pegasus Aggregate, Inc.	2014	\$ 1,002,308	US-0065359-364; US0077329-331
29	23-Jun-14	974 - Cost of Sales	Pegasus Aggregate, Inc.	2014	\$ 2,004,616	US-0065359-364; US0077329-331
30	27-Jun-14	974 - Cost of Sales	Pegasus Aggregate, Inc.	2014	\$ 1,544,057	US-0065359-364; US0077329-331
Total for Pegasus Aggregate, Inc.					\$ 11,741,981	
Grand Total					\$ 14,881,981	

BRISBANE RECYCLING COMPANY, INC.

RA: R Weitzel

Checks from Brisbane to Mr. Ku's Entities

Date: 03/10/2023

Item	Brisbane Account	Check	Check Date	Deposit Date	Check Payable To	Amount	Reference
1	First Bank x4093	1037	2-Mar-09	3-Mar-09	JPM, Inc.	\$ 127,000	US-0070373
2	First Bank x4093	1041	26-Sep-09	29-Sep-09	JPM, Inc.	\$ 493,000	US-0070379
3	Bank of America x4136	35893	12-Oct-09	8-Mar-10	JPM, Inc.	\$ 705,000	US-0064323, 65086
4	First Bank x4093	1066	12-Dec-09	7-Jul-10	JPM, Inc.	\$ 350,000	US-0070389
5	First Bank x4093	1067	19-Feb-10	16-Jul-10	JPM, Inc.	\$ 450,000	US-0070389
6	First Bank x4093	1068	22-Mar-10	28-Jul-10	JPM, Inc.	\$ 190,000	US-0070389
7	First Bank x4093	1070	27-May-10	10-Aug-10	JPM, Inc.	\$ 198,000	US-0070390
8	Bank of America x4136	37356	29-Oct-10	28-Jan-11	JPM, Inc.	\$ 620,000	US-0064325, 65114
9	First Bank x4093	1080	7-Feb-11	8-Nov-11	JPM, Inc.	\$ 500,000	US-0070405
10	Bank of America x4136	38850	27-Dec-11	8-Feb-12	JPM, Inc.	\$ 550,000	US-0064326, 65153
11	Bank of America x4136	39189	18-Jul-12	4-Dec-12	JPM, Inc.	\$ 625,000	US-0064324, 65190
12	Union Bank x5111	41547	30-Dec-13	31-Dec-13	JPM, Inc.	\$ 640,000	US-0076207
13	First Bank x4093	1034	17-Jan-09	20-Feb-09	Pegasus Aggregate, Inc.	\$ 500,000	US-0070372
14	Bank of America x4136	35149	24-Dec-08	29-Sep-09	Pegasus Aggregate, Inc.	\$ 500,000	US-0064328, 65069
15	Bank of America x4136	35651	19-Jun-09	29-Sep-09	Pegasus Aggregate, Inc.	\$ 184,000	US-0064340, 65069
16	Bank of America x4136	35585	15-May-09	2-Oct-09	Pegasus Aggregate, Inc.	\$ 368,000	US-0064332, 65072
17	Bank of America x4136	35880	14-Aug-09	19-Jan-10	Pegasus Aggregate, Inc.	\$ 460,000	US-0064329, 65080
18	Bank of America x4136	36928	28-Jun-10	8-Nov-10	Pegasus Aggregate, Inc.	\$ 814,000	US-0064322, 65109
19	First Bank x4093	1079	15-Jan-11	30-Aug-11	Pegasus Aggregate, Inc.	\$ 100,000	US-0070402
20	Bank of America x4136	38851	30-Dec-11	6-Feb-12	Pegasus Aggregate, Inc.	\$ 450,000	US-0064331, 65153
21	Union Bank x5111	39803	9-Nov-12	14-Dec-12	Pegasus Aggregate, Inc.	\$ 630,000	US-0076166
22	Union Bank x5111	39804	9-Nov-12	21-Dec-12	Pegasus Aggregate, Inc.	\$ 765,000	US-0076166
23	Union Bank x5111	40668	26-Jun-13	31-Dec-13	Pegasus Aggregate, Inc.	\$ 2,100,000	US-0076206
24	First Bank x4093	1094	15-Jun-13	24-Feb-14	Pegasus Aggregate, Inc.	\$ 294,000	US-0070150, 70432
25	Union Bank x5111	41643	28-Jan-14	28-Aug-14	Pegasus Aggregate, Inc.	\$ 420,000	US-0070160-61, 6238
26	Union Bank x5111	41704	3-Feb-14	28-Aug-14	Pegasus Aggregate, Inc.	\$ 500,000	US-0070160-61, 6238
27	Bank of America x4136	39192	8-Aug-14	8-Sep-14	Pegasus Aggregate, Inc.	\$ 1,002,308	US-0065279, 70160-63
28	First Bank x4093	1100	15-Mar-14	23-Sep-14	Pegasus Aggregate, Inc.	\$ 294,362	US-0070166, 701439
29	Union Bank x5111	42682	5-Sep-14	29-Oct-14	Pegasus Aggregate, Inc.	\$ 2,004,616	US-0070169, 76246
30	Bank of America x4136	39196	28-Oct-14	30-Mar-15	Pegasus Aggregate, Inc.	\$ 1,544,057	US-0064620, 22
<b>Total</b>						<b>\$ 18,378,343</b>	

## HENRY KU ENTITIES

## Heavy Equipment Purchase Summary

RA: R Weitzel

Date: 03/10/2023

Item	Payment Date	Bank Account	Name on Account	Vendor	Cashier's Check	Amount	Reference
1	6-Nov-09	First Bank x2516	Pegasus Aggregate, Inc.	Mecom Equipment	9500044644	\$ 178,500	US-0088042
2	18-Nov-09	First Bank x2516	Pegasus Aggregate, Inc.	Powerscreen	9500044678	\$ 120,000	US-0088046
3	15-Apr-10	First Bank x4164	JP Monarch, Inc.	Powerscreen	1419	\$ 45,000	US-0070584
4	16-Jul-10	First Bank x2516	Pegasus Aggregate, Inc.	Mecom Equipment	9500067585	\$ 25,000	US-0070351-53
5	16-Jul-10	First Bank x4164	JP Monarch, Inc.	Mecom Equipment	9500067585	\$ 127,213	US-0070351-53
6	16-Jul-10	First Bank x4164	JP Monarch, Inc.	Mecom Equipment	9500067585	\$ 25,000	US-0070351-53
7	16-Jul-10	First Bank x5600	JPM Energy, Inc.	Mecom Equipment	9500067585	\$ 25,000	US-0070351-53
8	6-Dec-10	First Bank x2516	Pegasus Aggregate, Inc.	Powerscreen	9500082206	\$ 90,000	US-0088150
9	6-Dec-10	First Bank x2516	Pegasus Aggregate, Inc.	Powerscreen	9500082205	\$ 110,000	US-0088150
10	2-May-11	First Bank x5600	JPM Energy, Inc.	Powerscreen	24694	\$ (35,000)	US-0070091
11	2-May-11	First Bank x5037	Henry Ku	Powerscreen	24694	\$ (200,000)	US-0070091
12	22-Jun-11	First Bank x2516	Pegasus Aggregate, Inc.	Volvo Construction Equipment	9500094955	\$ 235,000	US-0070333-34
13	25-Oct-11	First Bank x2516	Pegasus Aggregate, Inc.	Powerscreen	9500110076	\$ 215,000	US-0070335-36
15	17-Jan-12	First Bank x2516	Pegasus Aggregate, Inc.	Cementech	SO93151-PP	\$ 71,439	US-0068329-30
16	17-Jan-12	First Bank x2516	Pegasus Aggregate, Inc.	Cementech	SO93225-PP	\$ 15,800	US-0068329-30
17	23-Mar-12	First Bank x2516	Pegasus Aggregate, Inc.	Cementech	9500123939	\$ 294,213	US-0070340-41
18	1-May-12	First Bank x2516	Pegasus Aggregate, Inc.	Powerscreen	9500124022	\$ 190,000	US-0070342-43
19	19-Jul-12	First Bank x2516	Pegasus Aggregate, Inc.	Mecom Equipment	9500132765	\$ 297,687	US-0070344-45
20	13-Feb-13	First Bank x5037	Henry Ku	McNeilus Company	9500146764	\$ 350,000	US-0070001-02; US-0070124
21	31-May-13	First Bank x5037	Henry Ku	McNeilus Company	9500153957	\$ 190,740	US-0070003-04; US-0070128
22	1-Nov-13	First Bank x5037	Henry Ku	Mecom Equipment	9500153899	\$ 169,460	US-0070333-34; US-0070139
					<b>Total</b>	<b>\$ 2,540,052</b>	

**HENRY KU ENTITIES****Heavy Equipment Purchase Summary****TOTALS**

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Pegasus Aggregate, Inc.	\$ 1,842,639
JP Monarch, Inc.	\$ 197,213
JPM Energy, Inc.	\$ (10,000)
Henry Ku	\$ 510,200

RE: Joseph Nubla  
Form 1040 Individual Income Tax

## SUMMARY OF INCOME TAX ADJUSTMENTS (Forms 1040)

RA: Ryan Weitzel  
Date: 3/10/2023

2009 Tax Year Ending December 31, 2009		Form 1040X Income Tax Return (Joseph & Abigail Nubla)					
Line		Per Tax Return		Per Government		Difference	Reference
7	Wages, salaries, tips - Form(s) W-2	\$	170,150	\$	170,150	\$ -	US-0067897-911
8a	Taxable interest - Schedule B	\$	23,936	\$	23,936	\$ -	US-0067897-911
9a	Ordinary dividends - Schedule B	\$	-	\$	1,197,949	\$ 1,197,949	US-0069298-99, 322; US-0070036-43, 49-50, 57-58;US-0067899-911
10	Taxable refunds (state / local income taxes)	\$	-	\$	-	\$ -	US-0067897-911
19	Unemployment compensation	\$	1,436	\$	1,436	\$ -	US-0067897-911
21	Other income (list types and amounts)	\$	-	\$	-	\$ -	US-0067897-911
22	Total Income	\$	195,522	\$	1,393,471	\$ 1,197,949	US-0067897-911
40	[Less] Itemized deductions	\$	(82,229)	\$	(70,249)	\$ 11,980	US-0067897-911
42	[Less] Exemptions	\$	(14,600)	\$	(9,732)	\$ 4,868	US-0067897-911
43	Taxable income	\$	98,693	\$	1,313,490	\$ 1,214,797	US-0067897-911
44	Tentative tax	\$	17,044	\$	430,083	\$ 413,039	US-0067897-911
45	Alternative minimum tax	\$	3,285	\$	-	\$ (3,285)	
54	[Less] Tax credits	\$	-	\$	-	\$ -	US-0067897-911
60	Total tax	\$	20,329	\$	430,083	\$ 409,754	US-0067897-911

RE: Joseph Nubla  
Form 1040 Individual Income Tax

## SUMMARY OF INCOME TAX ADJUSTMENTS (Forms 1040)

RA: Ryan Weitzel  
Date: 3/10/2023

2010 Tax Year Ending December 31, 2010		Form 1040 Income Tax Return (Joseph & Abigail Nubla)				Reference
Line		Per Tax Return	Per Government	Difference		
7	Wages, salaries, tips - Form(s) W-2	\$ 161,058	\$ 161,058	\$ -		US-0072380-89
8a	Taxable interest - Schedule B	\$ 8,093	\$ 8,093	\$ -		US-0072380-89
<b>9a</b>	<b>Ordinary dividends - Schedule B</b>	<b>\$ -</b>	<b>\$ 1,181,548</b>	<b>\$ 1,181,548</b>		US-0068445; US-0069341, 56-57, 64-67, 73-74; US-0070063-64, 71-72, 77-82; US-0072380-89; US-0070348-50
10	Taxable refunds (state / local income taxes)	\$ 813	\$ 813	\$ -		US-0072380-89
14	Other (ordinary) gain or (loss) - Form 4797	\$ (56,083)	\$ (56,083)	\$ -		US-0072380-89
17	Rental real estate, royalties - Schedule E	\$ (60,620)	\$ (60,620)	\$ -		US-0072380-89
21	Other income (list types and amounts)	\$ 94,490	\$ 94,490	\$ -		US-0072380-89
22	Total Income	\$ 147,751	\$ 1,329,299	\$ 1,181,548		US-0072380-89
40	[Less] Itemized deductions	\$ (81,850)	\$ (81,850)	\$ -		US-0072380-89
42	[Less] Exemptions	\$ (14,600)	\$ (14,600)	\$ -		US-0072380-89
<b>43</b>	<b>Taxable income</b>	<b>\$ 51,301</b>	<b>\$ 1,232,849</b>	<b>\$ 1,181,548</b>		US-0072380-89
44	Tentative tax	\$ 6,861	\$ 401,805	\$ 394,944		US-0072380-89
54	[Less] Tax credits	\$ (100)	\$ -	\$ 100		US-0072380-89
63	[Less] Making work pay credit	\$ (800)	\$ -	\$ 800		US-0072380-89
<b>60</b>	<b>Total tax</b>	<b>\$ 5,961</b>	<b>\$ 401,805</b>	<b>\$ 395,844</b>		US-0072380-89



RE: Joseph Nubla  
Form 1040 Individual Income Tax

## SUMMARY OF INCOME TAX ADJUSTMENTS (Forms 1040)

RA: Ryan Weitzel  
Date: 3/10/2023

2011 Tax Year Ending December 31, 2011		Form 1040 Income Tax Return (Joseph & Abigail Nubla)				Reference
Line		Per Tax Return	Per Government	Difference		
7	Wages, salaries, tips - Form(s) W-2	\$ 447,238	\$ 447,238	\$ -		US-0072390-400
8a	Taxable interest - Schedule B	\$ 4,367	\$ 4,367	\$ -		US-0072390-400
<b>9a</b>	<b>Ordinary dividends - Schedule B</b>	<b>\$ 1,012</b>	<b>\$ 226,012</b>	<b>\$ 225,000</b>		US-0069390, 401, 406, 411, 415, 422, 425, 428; US-0070082-83, 87, 92-100, 103; US-0072390-400
10	Taxable refunds (state / local income taxes)	\$ 12,976	\$ 12,976	\$ -		US-0072390-400
13	Capital gain or (loss) - Schedule D	\$ -	\$ -	\$ -		US-0072390-400
17	Rental real estate, royalties - Schedule E	\$ -	\$ -	\$ -		US-0072390-400
21	Other income (list types and amounts)	\$ -	\$ -	\$ -		US-0072390-400
22	Total Income	\$ 465,593	\$ 690,593	\$ 225,000		US-0072390-400
40	[Less] Itemized deductions	\$ (49,563)	\$ (49,563)	\$ -		US-0072390-400
42	[Less] Exemptions	\$ (14,800)	\$ (14,800)	\$ -		US-0072390-400
<b>43</b>	<b>Taxable income</b>	<b>\$ 401,230</b>	<b>\$ 626,230</b>	<b>\$ 225,000</b>		US-0072390-400
44	Tentative tax	\$ 110,301	\$ 189,051	\$ 78,750		US-0072390-400
45	Alternative minimum tax	\$ 12,677	\$ -	\$ (12,677)		US-0072390-400
54	[Less] Tax credits	\$ (1,200)	\$ (1,200)	\$ -		US-0072390-400
<b>61</b>	<b>Total tax</b>	<b>\$ 121,778</b>	<b>\$ 187,851</b>	<b>\$ 66,073</b>		US-0072390-400

RE: Joseph Nubla  
Form 1040 Individual Income Tax

## SUMMARY OF INCOME TAX ADJUSTMENTS (Forms 1040)

RA: Ryan Weitzel  
Date: 3/10/2023

2012 Tax Year Ending December 31, 2012		Form 1040 Income Tax Return (Joseph & Abigail Nubla)					
Line		Per Tax Return		Per Government		Difference	Reference
7	Wages, salaries, tips - Form(s) W-2	\$	247,447	\$	247,447	\$ -	US-0072401-411
8a	Taxable interest - Schedule B	\$	7,013	\$	7,013	\$ -	US-0072401-411
9a	Ordinary dividends - Schedule B	\$	8,433	\$	248,433	\$ 240,000	US-0072401-411; US-0069390, 401, 406, 411, 415, 422, 425, 428; US-0070092-96, US-0070098-100, 103
10	Taxable refunds (state / local income taxes)	\$	-	\$	-	\$ -	US-0072401-411
13	Capital gain or (loss) - Schedule D	\$	-	\$	-	\$ -	US-0072401-411
17	Rental real estate, royalties - Schedule E	\$	-	\$	-	\$ -	US-0072401-411
21	Other income (list types and amounts)	\$	-	\$	-	\$ -	US-0072401-411
22	Total Income	\$	262,893	\$	502,893	\$ 240,000	US-0072401-411
40	[Less] Itemized deductions	\$	(71,979)	\$	(71,979)	\$ -	US-0072401-411
42	[Less] Exemptions	\$	(15,200)	\$	(15,200)	\$ -	US-0072401-411
43	Taxable income	\$	175,714	\$	415,714	\$ 240,000	US-0072401-411
44	Tentative tax	\$	36,977	\$	114,636	\$ 77,659	US-0072401-411
45	Alternative minimum tax	\$	10,127	\$	15,587	\$ 5,460	US-0072401-411
54	[Less] Tax credits	\$	(1,200)	\$	(1,200)	\$ -	US-0072401-411
61	Total tax	\$	45,904	\$	129,023	\$ 83,119	US-0072401-411

RE: Joseph Nubla  
Form 1040 Individual Income Tax

## SUMMARY OF INCOME TAX ADJUSTMENTS (Forms 1040)

RA: Ryan Weitzel  
Date: 3/10/2023

2013 Tax Year Ending December 31, 2013		Form 1040 Income Tax Return (Joseph & Abigail Nubla)					
Line		Per Tax Return		Per Government		Difference	Reference
7	Wages, salaries, tips - Form(s) W-2	\$	579,480	\$	579,480	\$ -	US-0072412-425
8a	Taxable interest - Schedule B	\$	7,723	\$	7,723	\$ -	US-0072412-425
9a	Ordinary dividends - Schedule B	\$	8,529	\$	168,529	\$ 160,000	US-0069479, 485, 505, 510; US-0070121, 123, 127-128, 136-137, 140-141; US-0072412-425
13	Capital gain or (loss) - Schedule D	\$	-	\$	-	\$ -	US-0072412-425
21	Other income (list types and amounts)	\$	-	\$	-	\$ -	US-0072412-425
22	Total Income	\$	595,732	\$	755,732	\$ 160,000	US-0072412-425
40	[Less] Itemized deductions	\$	(107,526)	\$	(102,726)	\$ 4,800	US-0072412-425
42	[Less] Exemptions (phased out)	\$	-	\$	-	\$ -	US-0072412-425
43	Taxable income	\$	488,206	\$	653,006	\$ 164,800	US-0072412-425
44	Tentative income tax	\$	140,975	\$	206,236	\$ 65,261	US-0072412-425
45	Alternative minimum tax	\$	15,277	\$	-	\$ (15,277)	US-0072412-425
54	[Less] Tax credits	\$	(600)	\$	(600)	\$ -	US-0072412-425
60	Other taxes (Net Investment + Medicare)	\$	3,523	\$	3,523	\$ -	US-0072412-425
61	Total tax	\$	159,175	\$	209,159	\$ 49,984	US-0072412-425

RE: Joseph Nubla  
Form 1040 Individual Income Tax

## SUMMARY OF INCOME TAX ADJUSTMENTS (Forms 1040)

RA: Ryan Weitzel  
Date: 3/10/2023

2014 Tax Year Ending December 31, 2014		Form 1040 Income Tax Return (Joseph & Abigail Nubla)				Reference
Line		Per Tax Return	Per Government		Difference	
7	Wages, salaries, tips - Form(s) W-2	\$ 167,656	\$ 167,656	\$	-	US-0072426-36
8a	Taxable interest - Schedule B	\$ 6,485	\$ 6,485	\$	-	US-0072426-36
<b>9a</b>	<b>Ordinary dividends - Schedule B</b>	<b>\$ 8,222</b>	<b>\$ 5,815,542</b>	<b>\$</b>	<b>5,807,320</b>	US-0068841; US-0069519, 23, 36, 42-43; US-0070009-12; US-0070151, 52, 55-56, 60-62, 67-70; US-0072426-36
13	Capital gain or (loss) - Schedule D	\$ (2,896)	\$ (2,896)	\$	-	US-0072426-36
22	Total Income	\$ 179,467	\$ 5,986,787	\$	5,807,320	US-0072426-36
<b>40</b>	<b>[Less] Itemized deductions</b>	<b>\$ (56,162)</b>	<b>\$ -</b>	<b>\$</b>	<b>56,162</b>	US-0072426-36
	<b>Standard deduction</b>	<b>\$ -</b>	<b>\$ (12,400)</b>	<b>\$</b>	<b>(12,400)</b>	US-0072426-36
42	[Less] Exemptions (phased out)	\$ (19,750)	\$ -	\$	19,750	US-0072426-36
<b>43</b>	<b>Taxable income</b>	<b>\$ 103,555</b>	<b>\$ 5,974,387</b>	<b>\$</b>	<b>5,870,832</b>	US-0072426-36
44	Tentative income tax	\$ 17,601	\$ 2,312,610	\$	2,295,009	US-0072426-36
45	Alternative minimum tax	\$ 1,368	\$ -	\$	(1,368)	US-0072426-36
54	[Less] Tax credits	\$ -	\$ -	\$	-	US-0072426-36
60	Other taxes (Net investment)	\$ -	\$ 449	\$	449	US-0072426-36
<b>61</b>	<b>Total tax</b>	<b>\$ 18,969</b>	<b>\$ 2,313,059</b>	<b>\$</b>	<b>2,294,090</b>	US-0072426-36

RE: Joseph Nubla  
Form 1040 Individual Income Tax

## SUMMARY OF INCOME TAX ADJUSTMENTS (Forms 1040)

RA: Ryan Weitzel  
Date: 3/10/2023

2015 Tax Year Ending December 31, 2015		Form 1040 Income Tax Return (Joseph & Abigail Nubla)					
Line		Per Tax Return		Per Government		Difference	Reference
7	Wages, salaries, tips - Form(s) W-2	\$	844,587	\$	844,587	\$ -	US-0072437-70
8a	Taxable interest - Schedule B	\$	7,756	\$	7,756	\$ -	US-0072437-70
9a	Ordinary dividends - Schedule B	\$	7,357	\$	3,067,357	\$ 3,060,000	US-0069260-61, 552, 646; US-0070013-15; US-0070170-173; US-0070170, 172, 178, 180; US-0072437-70
10	Taxable refunds (state / local income taxes)	\$	8,332	\$	8,332	\$ -	US-0072437-70
13	Capital gain or (loss) - Schedule D	\$	-	\$	-	\$ -	US-0072437-70
14	Other (ordinary) gain or (loss) - Form 4797	\$	10,813	\$	10,813	\$ -	US-0072437-70
22	Total Income	\$	878,845	\$	3,938,845	\$ 3,060,000	US-0072437-70
40	[Less] Itemized deductions	\$	(127,406)	\$	(35,606)	\$ 91,800	US-0072437-70
42	[Less] Exemptions (phased out)	\$	-	\$	-	\$ -	US-0072437-70
43	Taxable income	\$	751,439	\$	3,903,239	\$ 3,151,800	US-0072437-70
44	Tentative income tax	\$	243,485	\$	1,491,599	\$ 1,248,114	US-0072437-70
55	[Less] Tax credits	\$	-	\$	-	\$ -	US-0072437-70
62	Other taxes (Net Investment + Medicare)	\$	6,235	\$	6,235	\$ -	US-0072437-70
63	Total tax	\$	249,720	\$	1,497,834	\$ 1,248,114	US-0072437-70

RE: Joseph Nubla  
FORM 1040 INCOME TAX

UNREPORTED INCOME  
SUMMARY

RA: Ryan Weitzel  
Date: 3/10/2023

ITEM	DESCRIPTION	2009	2010	2011	2012	2013	2014	2015	Reference
<b>Unreported Income - Real Estate Purchases</b>									
1	710 Tender Lane, Foster City, CA	\$ 967,949.00							US-0070038, 39; US-0067899-911
2	60 Loma Vista Drive, Burlingame, CA		\$ 926,548.00						US-0070348-50, US-0070077, US-0068445
3	7211 Rosecliff Court, Pleasanton, CA						\$ 1,587,320.00		US-0070011-12, US-0070160-162, US-0068841
<b>Subtotal</b>		\$ 967,949.00	\$ 926,548.00	\$ -	\$ -	\$ -	\$ 1,587,320.00	\$ -	
<b>Unreported Income - Bank Transfers From Ku (x5037) to Nubla (x9250)</b>									
4	August 14, 2009	\$ 100,000.00							US-0070036, 38; US-0067899-911
5	October 2, 2009	\$ 20,000.00							US-0070041, 43; US-0069298; US-0067899-911
6	October 23, 2009	\$ 60,000.00							US-0070049-50; US-0069299; US-0067899-911
7	December 28, 2009	\$ 50,000.00							US-0070057-58; US-0069322; US-0067899-911
8	March 3, 2010		\$ 20,000.00						US-0069341, US-0070063-64
9	July 6, 2010		\$ 10,000.00						US-0069356, US-0070071-72
10	July 15, 2010		\$ 50,000.00						US-0069357, US-0070071-72
11	August 16, 2010		\$ 30,000.00						US-0069364, US-0070077-78
12	September 23, 2010		\$ 10,000.00						US-0069366-67, US-0070079-80
13	October 1, 2010		\$ 70,000.00						US-0069373, US-0070079-80
14	October 19, 2010		\$ 65,000.00						US-0069374, US-0070081-82
15	January 18, 2011			\$ 30,000.00					US-0069390, US-0070082, 87
16	May 26, 2011			\$ 20,000.00					US-0069401, US-0070092-93
17	June 22, 2011			\$ 50,000.00					US-0069406, US-0070093-94
18	July 26, 2011			\$ 20,000.00					US-0069411, US-0070095-96
19	August 10, 2011			\$ 25,000.00					US-0069415, US-0070095-96
20	October 5, 2011			\$ 30,000.00					US-0069422, US-0070098-99
21	November 15, 2011			\$ 30,000.00					US-0069425, US-0070099-100
22	December 30, 2011			\$ 20,000.00					US-0069428, US-0070103

RE: Joseph Nubla  
FORM 1040 INCOME TAX

UNREPORTED INCOME  
SUMMARY

RA: Ryan Weitzel  
Date: 3/10/2023

ITEM	DESCRIPTION	2009	2010	2011	2012	2013	2014	2015	Reference
	<b>Unreported Income - Bank Transfers From Ku (x5037) to Nubla (x9250)</b>								
23	February 16, 2012				\$ 40,000.00				US-0069433, US-0070107-106
24	March 21, 2012				\$ 40,000.00				US-0069437, US-0070106, 108
25	May 23, 2012				\$ 20,000.00				US-0069447, US-0070110-111
26	September 4, 2012				\$ 100,000.00				US-0069458, US-0070111, 114
27	November 30, 2012				\$ 40,000.00				US-0069466, US-0070111, 117
28	February 7, 2013					\$ 40,000.00			US-0069479, US-0070121, 123
29	April 25, 2013					\$ 40,000.00			US-0069485, US-0070127-128
30	October 15, 2013					\$ 50,000.00			US-0069505, US-0070136-137
31	November 18, 2013					\$ 30,000.00			US-0069510, US-0070140-141
32	March 18, 2014						\$ 40,000.00		US-0069519, US-0070151-152
33	April 7, 2014						\$ 50,000.00		US-0069523, US-0070151-152
34	September 2, 2014						\$ 50,000.00		US-0069536, US-0070160, 162
35	November 3, 2014						\$ 50,000.00		US-0069542, US-0070167-168
36	November 14, 2014						\$ 30,000.00		US-0069543, US-0070168, 170
37	January 5, 2015							\$ 30,000.00	US-0069260, 552; US-0070170, 172
38	April 15, 2015							\$ 30,000.00	US-0069261, 646; US-0070178, 180
	<b>Subtotal</b>	\$ 230,000.00	\$ 255,000.00	\$ 225,000.00	\$ 240,000.00	\$ 160,000.00	\$ 220,000.00	\$ 60,000.00	
	<b>Unreported Income - Cashier's Checks</b>								
39	Nubla Deposits #9500175284 into Personal x6815						\$ 4,000,000.00		US-0070009-10, US-0070155-156
40	Nubla Deposits #9500181879 into Personal x6815							\$ 3,000,000.00	US-0070013-15, US-0070170-173
	<b>Subtotal</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000,000.00	\$ 3,000,000.00	
	<b>Total Unreported Income</b>	<b>\$ 1,197,949.00</b>	<b>\$ 1,181,548.00</b>	<b>\$ 225,000.00</b>	<b>\$ 240,000.00</b>	<b>\$ 160,000.00</b>	<b>\$ 5,807,320.00</b>	<b>\$ 3,060,000.00</b>	

RE: Joseph Nubla  
Form 1040 Individual Income Tax

UNREPORTED INCOME  
REAL ESTATE PURCHASES AND LOAN FUNDING

RA: Ryan Weitzel  
Date: 3/10/2023

KU's Purchase of Three Real Estate Properties for NUBLA Using Funds Originating from Brisbane Recycling Co

ITEM	PROPERTY	TYPE	NUMBER	DATE	AMOUNT	REMITTER	PAYBLE TO	PURPOSE	SOURCE	AMOUNT	REFERENCE
1	710 Tender Lane, Foster City, CA	First Bank Cashier's Check	9500034050	26-Aug-09	\$ 967,948.87	Pegasus Aggregate	Cornerstone Title	Funds to Close	Henry Ku   First Bank Account x5037 Withdrawal	\$ 967,948.87	US-0070038, 39
2	60 Loma Vista Drive, Burlingame, CA						First Bank	Cashier's Check Purchase	JP Monarch   First Bank Account x4164 Check 1465	\$ 300,000.00	US-0070349
							First Bank	Cashier's Check Purchase	Pegasus   First Bank Account x2516 Check 1597	\$ 340,000.00	US-0070348
							First Bank	Cashier's Check Purchase	Henry Ku   First Bank Account x5037 Withdrawal	\$ 286,547.99	US-0070077, US-0070348
		First Bank Cashier's Check	9500067676	7-Sep-10	\$ 926,547.99	"First Bank #431 JP"	Fidelity National Title	Funds to Close	Cashier's Check Total	\$ 926,547.99	US-0070348, 350
3	7211 Rosecliff Court, Pleasanton, CA	First Bank Cashier's Check	9500181712	12-Sep-14	\$ 1,587,320.00	Pegasus Aggregate Inc	Chicago Title	Funds to Close	Henry Ku   First Bank Account x5037 Withdrawal	\$ 1,587,320.00	US-0070011-12, US- 0070160-162
4	TOTAL UNREPORTED INCOME				\$ 3,481,816.86						

KU's Cashier's Checks to Nubla for Loan Using Funds Originating from Brisbane Recycling Co

ITEM	DESCRIPTION	TYPE	NUMBER	DATE	AMOUNT	REMITTER	PAYBLE TO	PURPOSE	SOURCE	REFERENCE
5	\$4 Million Payment	First Bank Cashier's Check	9500175284	24-Jun-14	\$ 4,000,000.00	Henry Ku	Joseph Nubla	Funds Transfer for Loan	Henry Ku   First Bank Account x5037 Withdrawal	US-0070009-10, US- 0070155-156
6	\$3 Million Payment	First Bank Cashier's Check	9500181879	21-Jan-15	\$ 3,000,000.00	Henry Ku	Joseph Nubla	Funds Transfer for Loan	Henry Ku   First Bank Account x5037 Withdrawal	US-0070013, 15, US- 0070170, 173
7	TOTAL UNREPORTED INCOME				\$ 7,000,000.00					



# ATTACHMENT C

# Nubla Sends Money to Ku's Personal and Entity Bank Accounts 2009-2015

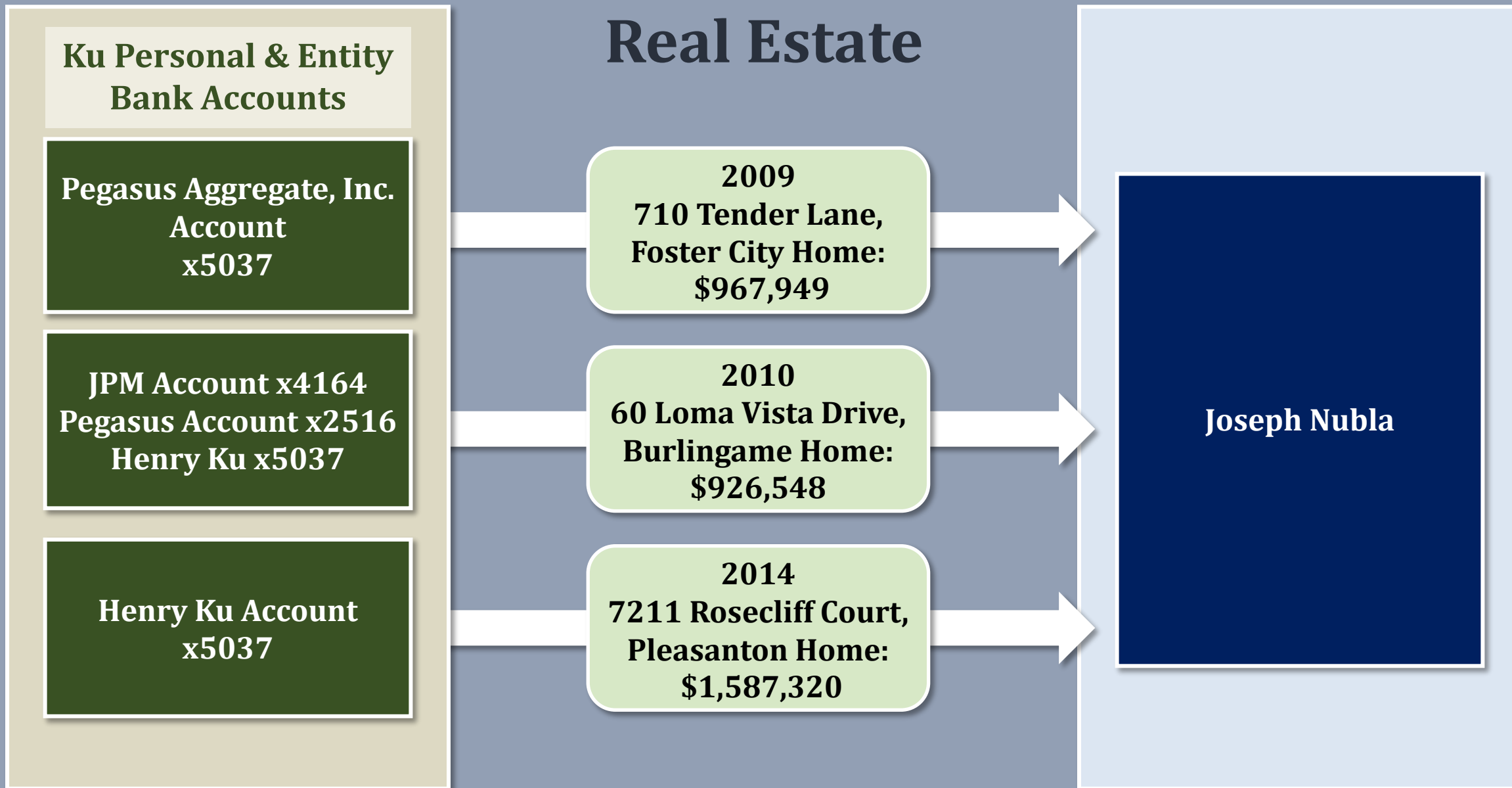
Case 3:21-cr-00139-RS Document 142 Filed 03/21/23 Page 42 of 47



# Ku Sends Money and Assets to Nubla 2009-2015



# Ku Sends Money and Assets to Nubla 2009-2015



# Ku Sends Money and Assets to Nubla 2009-2015

## Loan Funding

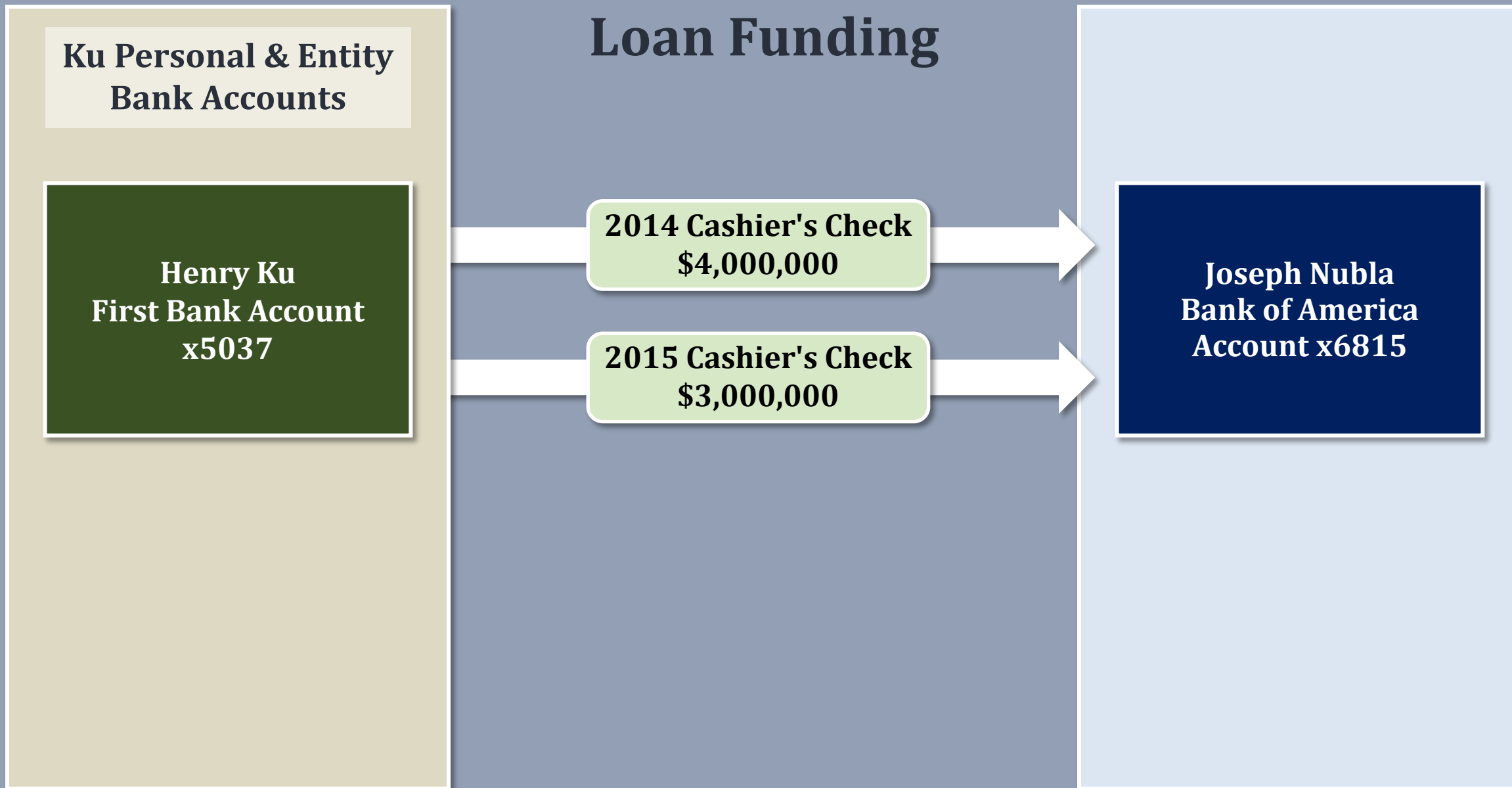
**Ku Personal & Entity  
Bank Accounts**

**Henry Ku  
First Bank Account  
x5037**

**2014 Cashier's Check  
\$4,000,000**

**2015 Cashier's Check  
\$3,000,000**

**Joseph Nubla  
Bank of America  
Account x6815**



# Brisbane Recycling Income Tax 2009 - 2014

Case 3:21-cr-00139-RS Document 142 Filed 03/21/23 Page 46 of 47

Brisbane's Reported Income Tax							
	2009	2010	2011	2012	2013	2014	Combined
Sales Revenue	4,849,321	4,105,326	4,689,712	5,447,449	7,820,519	8,739,987	35,652,314
[Less] Expense Deductions	(4,978,812)	(4,124,106)	(4,689,712)	(5,512,184)	(7,820,519)	(8,739,987)	(35,865,320)
TAXABLE INCOME / ( LOSS )	(129,491)	(18,780)	0	(64,735)	0	0	(213,006)
<b>TOTAL TAX</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Government's Income Tax Adjustment Calculation							
	2009	2010	2011	2012	2013	2014	Combined
Sales Revenue	4,849,321	4,105,326	4,689,712	5,447,449	7,820,519	8,739,987	35,652,314
[Less] Expense Deductions	(2,770,196)	(2,690,106)	(3,679,116)	(3,492,184)	(4,085,193)	(4,185,549)	(20,902,344)
TAXABLE INCOME / ( LOSS )	2,079,125	1,415,220	1,010,596	1,955,265	3,735,326	4,554,438	14,749,970
<b>TOTAL TAX</b>	<b>706,902</b>	<b>481,175</b>	<b>343,603</b>	<b>664,790</b>	<b>1,270,011</b>	<b>1,548,509</b>	<b>5,014,990</b>

Tax Difference (Variance)							
	2009	2010	2011	2012	2013	2014	Combined
<b>TOTAL VARIANCE</b>	<b>706,902</b>	<b>481,175</b>	<b>343,603</b>	<b>664,790</b>	<b>1,270,011</b>	<b>1,548,509</b>	<b>5,014,990</b>

# Brisbane Recycling Wages and Bonuses 2010 - 2017

Case 3:21-cr-00139-RS Document 142 Filed 03/21/23 Page 47 of 47

